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Uzbekistan, Republic of

Oilseeds and Products

Annual

2003

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Report Highlights:

Uzbekistan's MY 2003/04 oilseed production is expected to remain stagnant due to stagnant cotton production. Uzbekistan still remains an important market for U.S. soybeans and is forecast to import 20,000 metric tons of U.S. soybeans in MY 2003/04 under USDA's Food Aid Program.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
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Table of Contents

OILSEEDS	1
PRODUCTION	1
Table 1: Total Oilseeds Production, Supply and Demand	1
CONSUMPTION	2
TRADE	2
Table 2: Cottonseed Production, Supply and Demand	3
Table 3: Soybean Production, Supply and Demand	4
OIL MEALS	5
PRODUCTION:	5
Table 4: Total Oilmeals Production, Supply and Demand	5
CONSUMPTION	6
TRADE	6
Table 5: Cottonseed Meal Production, Supply and Demand	7
Table 6: Soybean Meal Production, Supply and Demand	8
OILS	9
PRODUCTION	9
Table 7: Total Oils Production, Supply and Demand	9
CONSUMPTION	10
TRADE	10
Table 8: Cottonseed Oil Production, Supply and Demand	11
Table 9: Soybean Oil Production, Supply and Demand	12

OILSEEDS**PRODUCTION**

Uzbekistan is a major cotton producer and the world's second largest cotton exporter. Cotton is the dominant oilseed. Total MY 2002/03 oilseed production decreased to 2.202 million metric tons (MMT) due to continued problems in the cotton sector including last year's drought and the acute shortage of irrigation equipment. MY 2003/04 oilseed production is forecast to decrease further to 2.06 MMT. The official state production target for seed cotton in MY03/04 is reduced to 3.6 MMT compared to 3.75 MMT last year.

Table 1: Total Oilseeds Production, Supply and Demand

PSD Table						
Country:	Uzbekistan, Republic of					
Commodity:	Total Oilseeds					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	1400	1400	1389	1389	0	1359
Area Harvested	1400	1400	1389	1389	0	1359
Beginning Stocks	0	0	0	0	0	0
Production	2250	2250	2202	2202	0	2060
MY Imports	70	70	70	70	0	20
MY Imp. from U.S.	70	70	70	70	0	20
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2400	2400	2272	2272	0	2080
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1850	1850	1822	1822	0	1635
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	550	550	450	450	0	445
Total Dom. Consumption	2400	2400	2272	2272	0	2080
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2400	2400	2272	2272	0	2080
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0

Calndr Yr Exp. to U.S.	0	0	0	0	0	0
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The Government of Uzbekistan (GOU) provides subsidized fertilizers and seed as well as free irrigation to support cotton producers. In return, the GOU maintains state orders for 50 % of the cotton crop. In reality, the GOU procures virtually all of the crop by setting unrealistically high quotas. At the same time, the state's procurement price remains well below world price levels. The combination of inadequate incentives and poor quality inputs, plus continuing weather problems over the past two years have resulted in lower production. To compensate for this decline, the government encourages the production of sunflowers and soybeans. Sunflowers, however, are grown on a very limited scale, using seeds imported from Moldova. Initial soybeans trials in the Fergana Valley reportedly were less than successful.

CONSUMPTION

Uzbekistan's actual crushing capacity is well below the 3.5 MMT of installed capacity reported during Soviet times. Due to the lack of spare parts and in-adequate maintenance, effective processing capacity has declined to about 2.0 MMT. Experts estimate the industry currently operates at less than 60 percent of capacity due to the lack of oilseeds.

Uzbekistan's crushing industry is owned and operated by the joint-stock association, UZMASLOJIRTABAKPROM (Uzbekistan's Oils, Fats and Tobacco Industry), which consists of the former state crushing, extraction and refining facilities. Although, the state order for cotton has been decreased to 50 percent in recent years, in reality there is little alternative for farmers but to sell to joint-stock gins, which, in turn, transfers the cottonseed to UZMASLOJIRTABAKPROM via government accounts. Processed products, particularly soybean meal, reportedly is of poor quality and the industry badly needs capital to upgrade its equipment.

TRADE

Uzbekistan does not import or export cottonseed. To supplement vegetable oil production as well as to provide protein for its livestock and poultry industries, Uzbekistan used to import about 200,000 MT of soybeans annually from South American suppliers several years ago. However, due to growing quality concerns, Uzbekistan switched to U.S. soybeans in MY 1998/99. Since then Uzbekistan has become a growing market for U.S. soybeans under both the P.L. 480 and GSM-102 programs. For MY 2003/04, Uzbekistan is forecast to import about 20,000 MT of soybeans from the United States under USDA's Food For Progress Program. Although demand is much higher, the GOU has thus far not requested a GSM-102 program.

Given declining cotton production, Uzbekistan's annual oilseed import requirement is estimated at more than 250,000 MT. Imported oilseeds provide an important means of providing raw material to Uzbekistan's underutilized crushing industry as well as saving foreign exchange by capturing the added value of oil and meal processing. Uzbekistan's import demand could increase significantly if the industry were modernized and the government were to enact policies to encourage expansion of livestock, dairy and poultry production.

Table 2: Cottonseed Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oilseed, Cottonseed				(1000 HA)(1000 MT)(RATIO)	
	2001	Revised	2002	Preliminary	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		08/2001		08/2002		08/2003
Area Planted (COTTON)	1400	1400	1388	1388	0	1359
Area Harvested(COTTON)	1400	1400	1388	1388	0	1359
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	2250	2250	2200	2200	0	2060
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2250	2250	2200	2200	0	2060
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1700	1700	1750	1750	0	1615
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	550	550	450	450	0	445
TOTAL Dom. Consumption	2250	2250	2200	2200	0	2060
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2250	2250	2200	2200	0	2060
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 3: Soybean Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	2001	Revised	2002	Peliminary	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	0	0	1	0	0
Area Harvested	0	0	0	1	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	2	2	0	0
MY Imports	150	150	70	70	0	20
MY Imp. from U.S.	150	150	70	70	0	20
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	150	150	72	72	0	20
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	150	150	72	72	0	20
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	150	150	72	72	0	20
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	150	150	72	72	0	20
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OIL MEALS**PRODUCTION:**

MY2002/03 meal production decreased slightly from the previous year due to reduced seed cotton production. MY 2003/04 meal production is forecast to decrease by 5 percent slightly due to expected reduction in seed cotton production. But, the production may fall further if the forecast soybean imports from the United States don't occur. In recent years, soybean meal production has increased to help offset declining cottonseed meal production.

Table 4: Total Oilmeals Production, Supply and Demand

PSD Table						
Country:						
Commodity:	Total Oilmeals					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	1850	1850	1822	1822	0	1635
Extr. Rate	0.716	0.716	0.73	0.73	0	0.72
Beginning Stocks	0	0	0	0	0	0
Production	1328	1328	1303	1303	0	1168
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1328	1328	1303	1303	0	1168
MY Exports	60	60	15	25	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1268	1268	1288	1278	0	1153
Total Dom. Consumption	1268	1268	1288	1278	0	1153
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1328	1328	1303	1303	0	1168
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

CONSUMPTION

Over the past several years, demand for protein meal, and especially soybean meal, has increased due to increasing demand from both the poultry industry and to a lesser extent the dairy industry. Because supplies are erratic and still depend on bulk imports, soybean meal always is in short supply. The quality of soybean meal is variable, while the quality of compound feed is poor. The need to provide a regular supply of high-quality protein feed is one of the critical issues currently facing the agricultural sector. For the past several years the American Soybean Association (ASA) has been assisting the local oilseeds industry by providing technical assistance aimed at improving the crushing technology and quality of produced soybean meal used for feed.

Cottonseed meal, cakes and hulls are supplied by the extraction companies to other state agencies, mainly to Uzkhleboprodukt and Uzkhimprom. Uzkhleboprodukt combines by-products from flour milling with cottonseed meal, cakes and hulls to produce a compound feed for sheep and cattle. Uzkhimprom uses about 10 percent of hull production to produce alcohol.

For MY 2003/04, the domestic price of locally produced cottonseed meal is expected to double to around soums 30,000 per MT, depending on protein content (\$1= soums 971.00 at the official rate and Soums 1080.00 at the curb market rate). Soybean meal produced from imported soybeans currently sells for about \$90 per MT.

TRADE

Uzbekistan does not import protein meal but often exports small quantities of cottonseed meal, mainly to Russia, the Baltics, Kazakhstan and Azerbaijan. In the past Uzbekistan used to export small amounts of soybean meal (produced out of commercially purchased soybeans) mainly to neighboring Commonwealth of Independent States (CIS) countries.

Table 5: Cottonseed Meal Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Meal, Cottonseed				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
Market Year Begin		08/2001		08/2002		08/2003
Crush	1700	1700	1750	1750	0	1615
Extr. Rate, 999.9999	0.716471	0.716471	0.714286	0.714286	0	0.714551
Beginning Stocks	0	0	0	0	0	0
Production	1218	1218	1250	1250	0	1154
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1218	1218	1250	1250	0	1154
MY Exports	15	15	15	15	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1203	1203	1235	1235	0	1139
TOTAL Dom. Consumption	1203	1203	1235	1235	0	1139
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1218	1218	1250	1250	0	1154
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 6: Soybean Meal Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
Market Year Begin		10/2001		10/2002		10/2003
Crush	150	150	72	72	0	20
Extr. Rate, 999.9999	0.733333	0.733333	0.736111	0.736111	0	0.7
Beginning Stocks	0	0	0	0	0	0
Production	110	110	53	53	0	14
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	110	110	53	53	0	14
MY Exports	45	45	0	10	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	65	65	53	43	0	14
TOTAL Dom. Consumption	65	65	53	43	0	14
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	110	110	53	53	0	14
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OILS**PRODUCTION**

Cottonseed oil is the main vegetable oil produced in Uzbekistan. Soybean oil is a minor oil and is produced solely from imported soybeans, and it is produced by blending it with cottonseed oil (cottonseed oil - 70 percent, soybean oil - 30 percent). Total MY 2003/04 oil production is forecast at 208,000 MT.

Table 7: Total Oils Production, Supply and Demand

PSD Table						
Country:						
Commodity:	Total Oils					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	1850	1850	1822	1822	0	1635
Extr. Rate	0.1351	0.1351	0.136	0.131	0	0.13
Beginning Stocks	0	0	0	0	0	0
Production	242	242	247	232	0	208
MY Imports	40	40	30	30	0	40
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	282	282	277	262	0	248
MY Exports	10	10	10	10	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	18	18	20	20	0	20
Food Use Dom. Consump.	254	254	247	232	0	213
Feed Waste Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	272	272	267	252	0	233
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	282	282	277	262	0	248
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Although currently being Joint-Stock companies (about 25 percent shares belonging to the state), both extractors and refiners operate under the joint-stock association UZMASLOJIRTABAKPROM. Some of the extractors and refiners use fairly modern imported equipment. However, the majority still use old outdated Soviet equipment. The quality of

locally-produced oil, especially cottonseed oil, remains poor due to the lack of maintenance as well as good management. Most plants reportedly use benzine, rather than hexane extraction. The majority of plants first pre-press and then use solvents to extract the oil. Most plants do not have deodorization equipment. For plants without deodorization capability, only the oil obtained from crushing can be used for human consumption. The GOU is trying to modernize the industry by attracting foreign investment as a conduit for new management methods and technologies.

CONSUMPTION

Cottonseed oil is a staple of the Uzbek diet. Per capita oil consumption is estimated at about 13.5 kilograms per year. Until recently, cottonseed oil was the preferred oil for most Uzbek consumers. However over the last 7-8 years, imported sunflower-seed oil has become more popular because cottonseed oil is not always available in food shops and secondly, most consumers prefer sunflower-seed oil because of its better flavor. Cottonseed oil retails for about soums 1300 per liter and imported sunflower oil sells for soums 1600 per liter. Soybean oil remains a minor oil and as mentioned earlier, generally is blended with cottonseed oil.

TRADE

Uzbekistan relies on imports for about 20 percent of its vegetable oil consumption requirements. Sources expect import demand and expenditures will continue to increase unless the government moves to modernize the industry and to capture the value-added of processing imported oilseeds. Trade sources expect MY 2003/04 oil imports will be about 40,000 MT. Although official trade statistics are not available, sources indicate most oil is imported refined and in consumer-ready packaging. The leading suppliers of vegetable oils remain to be European Union, Ukraine and Turkey. Sunflower oil remains by far the most popular imported oil, some olive oils are available in Turkish managed supermarkets.

Uzbekistan exports about 10,000-15,000 MT of un-deodorized cottonseed oil mainly to the neighboring CIS countries. In MY2002/03, Uzbekistan reportedly exported about 10,000 MT of cottonseed oil to Kazakhstan, Tajikistan, and Kyrgyzstan. MY2003/04 cottonseed oil exports are again forecast at 15,000 MT.

Table 8: Cottonseed Oil Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oil, Cottonseed				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		08/2001		08/2002		08/2003
Crush	1700	1700	1750	1750	0	1615
Extr. Rate, 999.9999	0.127647	0.127647	0.134286	0.125714	0	0.126935
Beginning Stocks	0	0	0	0	0	0
Production	217	217	235	220	0	205
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	217	217	235	220	0	205
MY Exports	10	10	10	10	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	18	18	20	20	0	20
Food Use Dom. Consump.	189	189	205	190	0	170
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	207	207	225	210	0	190
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	217	217	235	220	0	205
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	10	10	10	0	0	15
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

9. Soybean oil production, supply and demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	150	150	72	72	0	20
Extr. Rate, 999.9999	0.166667	0.166667	0.166667	0.166667	0	0.15
Beginning Stocks	0	0	0	0	0	0
Production	25	25	12	12	0	3
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	25	25	12	12	0	3
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	25	25	12	12	0	3
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	25	25	12	12	0	3
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	25	25	12	12	0	3
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0